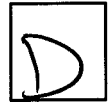


ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

W-02859A



DIVERSIFIED WATER UTILITIES, INC.
2850 E. CAMELBACK RD. SUITE 200
PHOENIX, AZ 85016

RECEIVED

APR 14 2006

Z Corporation Commission
Director of Utilities

ANNUAL REPORT

FOR YEAR ENDING

12	31	2005
----	----	------

FOR COMMISSION USE

ANN04	05
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entered
4-14-06
RF

COMPANY INFORMATION

Company Name (Business Name) DIVERSIFIED WATER UTILITIES, INC.

Mailing Address 2850 E. Camelback Road, Suite 200
(Street)

Phoenix AZ 85016-4316
(City) (State) (Zip)

(602) 840-9400 (602) 840-6030
Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

Email Address sgray@dwuwater.com

Local Office Mailing Address 2850 E. Camelback Road, Suite 200
(Street)

Phoenix AZ 85016-4316
(City) (State) (Zip)

(602) 840-9400 (602) 840-6030
Local Office Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

Email Address sgray@dwuwater.com

MANAGEMENT INFORMATION

Management Contact: Scott W. Gray President
(Name) (Title)

2850 E. Camelback Road, Suite 200 AZ 85016-4316
(Street) (City) (State) (Zip)

(602) 840-9400 (602) 840-6030
Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

Email Address sgray@dwuwater.com

On Site Manager: David B. Dickinson
(Name)

2850 E. Camelback Road, Suite 200 AZ 85016-4316
(Street) (City) (State) (Zip)

(602) 840-9400 (602) 840-6030
Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

Email Address _____

☒ Please mark this box if the above address(es) have changed or are updated since the last filing.

Statutory Agent: Scott W. Gray

(Name)

2850 E. Camelback Road, Suite 200

(Street)

Phoenix

(City)

AZ

(State)

85016-4316

(Zip)

(602) 840-9400

Telephone No. (Include Area Code)

(602) 840-6030

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Attorney: William P. Sullivan, Curtis Goodwin Sullivan Udall & Schwab, P.L.C.

(Name)

2712 N. Seventh Street

(Street)

Phoenix

(City)

AZ

(State)

85006-1003

(Zip)

(602) 393-1700

Telephone No. (Include Area Code)

(602) 393-1703

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

OWNERSHIP INFORMATION

Check the following box that applies to your company:

☐ Sole Proprietor (S)

☐ C Corporation (C) (Other than Association/Co-op)

☐ Partnership (P)

☒ Subchapter S Corporation (Z)

☐ Bankruptcy (B)

☐ Association/Co-op (A)

☐ Receivership (R)

☐ Limited Liability Company

☐ Other (Describe) _____

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

☐ APACHE

☐ COCHISE

☐ COCONINO

☐ GILA

☐ GRAHAM

☐ GREENLEE

☐ LA PAZ

☐ MARICOPA

☐ MOHAVE

☐ NAVAJO

☐ PIMA

☒ PINAL

☐ SANTA CRUZ

☐ YAVAPAI

☐ YUMA

☐ STATEWIDE

COMPANY NAME DIVERSIFIED WATER UTILITIES, INC.

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization			
302	Franchises			
303	Land and Land Rights	5,839		5,839
304	Structures and Improvements	35,943	6,220	29,723
307	Wells and Springs	124,635	46,439	78,196
311	Pumping Equipment	88,180	29,182	58,998
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes	143,228	28,907	114,321
331	Transmission and Distribution Mains	1,088,920	117,614	971,306
333	Services	63,321	10,128	53,193
334	Meters and Meter Installations	86,654	14,299	72,355
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment	10,235	956	9,279
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant	43,045	7,660	35,385
	TOTALS	1,690,000	261,405	1,428,595

This amount goes on the Balance Sheet Acct. No. 108

COMPANY NAME DIVERSIFIED WATER UTILITIES, INC.

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization			
302	Franchises			
303	Land and Land Rights	5,839		
304	Structures and Improvements	35,943	3.56%	1,280
307	Wells and Springs	124,635	3.56%	4,437
311	Pumping Equipment	88,180	3.56%	3,139
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes	143,228	3.56%	5,099
331	Transmission and Distribution Mains	1,088,920	3.56%	38,766
333	Services	63,321	3.56%	2,254
334	Meters and Meter Installations	86,654	3.56%	3,085
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment	10,235	3.56%	364
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant	43,045	3.56%	1,532
	SUBTOTALS	1,690,000		59,956
	Less: Amortization of Contributions			(5,786)
	TOTALS	1,690,000		54,170

This amount goes on Comparative Statement of Income and Expense Acct. No. 403.

ULLMANN
& COMPANY P.C.
Certified Public Accountants

To The Board of Directors of
Diversified Water Utilities, Inc.
Phoenix, Arizona

We have compiled the balance sheet of Diversified Water Utilities, Inc. as of December 31, 2005 and 2004, and the related comparative statement of income and expense for the years then ended included in the accompanying prescribed form in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

Our compilation was limited to presenting in the form prescribed by the Arizona Corporation Commission information that is the representation of management. We have not audited or reviewed the financial statements referred to above and, accordingly, do not express an opinion or any other form of assurance on them.

These financial statements are presented in accordance with the requirements of the Arizona Corporation Commission, which differ from generally accepted accounting principles. Accordingly, these financial statements are not designed for those who are not informed about such differences.

All other information contained in the accompanying prescribed form has not been audited, reviewed, or compiled by us and, accordingly, we assume no responsibility for that information.

The Company, with the consent of its shareholders, has elected under the Internal Revenue Code to be an S corporation. In lieu of corporation income taxes, the shareholders of an S corporation are taxed on their proportionate share of the Company's taxable income. Therefore, no provision or liability for federal income taxes has been included in these financial statements.

Ullmann & Company

ULLMANN & COMPANY, P.C.
Certified Public Accountants

March 24, 2006

COMPANY NAME
DIVERSIFIED WATER UTILITIES, INC.

BALANCE SHEET

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	ASSETS		
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ 47,487	\$ 117,855
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable	4,412	5,583
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies		
162	Prepayments		
174	Miscellaneous Current and Accrued Assets		
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 51,899	\$ 123,438
	FIXED ASSETS		
101	Utility Plant in Service	\$ 992,114	\$ 1,690,000
103	Property Held for Future Use		
105	Construction Work in Progress	417,738	719,503
108	Accumulated Depreciation - Utility Plant	201,449	261,405
121	Non-Utility Property		
122	Accumulated Depreciation - Non Utility		
	TOTAL FIXED ASSETS	\$ 1,208,403	\$ 2,148,098
	TOTAL ASSETS	\$ 1,260,302	\$ 2,271,536

NOTE: The Assets on this page should be equal to Total Liabilities and Capital on the following page.

COMPANY NAME DIVERSIFIED WATER UTILITIES, INC.

BALANCE SHEET (CONTINUED)

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	LIABILITIES		
	CURRENT LIABILITES		
231	Accounts Payable	\$ -	\$ -
232	Notes Payable (Current Portion)	47,000	56,000
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits	9,869	7,711
236	Accrued Taxes	986	8,144
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	TOTAL CURRENT LIABILITIES	\$ 57,855	\$ 71,855
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$ 262,605	\$ 241,990
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	\$ -	\$ -
252	Advances in Aid of Construction	474,038	1,237,203
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction	162,520	451,520
272	Less: Amortization of Contributions	14,745	20,531
281	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS	\$ 621,813	\$ 1,668,192
	TOTAL LIABILITIES	\$ 942,273	\$ 1,982,037
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$ 2,000	\$ 2,000
211	Paid in Capital in Excess of Par Value	198,261	198,261
215	Retained Earnings	117,768	89,238
218	Proprietary Capital (Sole Props and Partnerships)		
	TOTAL CAPITAL	\$ 318,029	\$ 289,499
	TOTAL LIABILITIES AND CAPITAL	\$ 1,260,302	\$ 2,271,536

COMPANY NAME
DIVERSIFIED WATER UTILITIES, INC.

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 247,002	\$ 323,217
460	Unmetered Water Revenue		
474	Other Water Revenues	1,425	875
	TOTAL REVENUES	\$ 248,427	\$ 324,092
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 55,047	\$ 72,790
610	Purchased Water		
615	Purchased Power	14,395	16,221
618	Chemicals	4,057	5,651
620	Repairs and Maintenance	13,384	22,206
621	Office Supplies and Expense	4,220	6,561
630	Outside Services	69,072	75,813
635	Water Testing	1,687	1,210
641	Rents	7,685	12,065
650	Transportation Expenses	5,045	4,601
657	Insurance - General Liability	7,270	10,264
659	Insurance - Health and Life	1,616	3,531
666	Regulatory Commission Expense - Rate Case		
675	Miscellaneous Expense	24,194	31,235
403	Depreciation Expense	29,325	54,170
408	Taxes Other Than Income	0	4,046
408.11	Property Taxes	8,030	17,147
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 245,027	\$ 337,511
	OTHER INCOME/EXPENSE		
419	Interest and Dividend Income	\$ 165	\$ 1,921
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	2,199	13,740
	TOTAL OTHER INCOME/EXP	\$ (2,034)	\$ (11,819)
	NET INCOME/(LOSS)	\$ 1,366	\$ (25,238)

COMPANY NAME	DIVERSIFIED WATER UTILITIES, INC.
---------------------	--

SUPPLEMENTAL FINANCIAL DATA

Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued	2002			
Source of Loan	WIFA NOTE			
ACC Decision No.				
Reason for Loan	PLANT IMPROVEMENT			
Dollar Amount Issued	\$ 353,900	\$	\$	\$
Amount Outstanding	\$ 263,376	\$	\$	\$
Date of Maturity				
Interest Rate	4.725%	%	%	%
Current Year Interest	\$ 13,706	\$	\$	\$
Current Year Principle	\$ 19,665	\$	\$	\$

Meter Deposit Balance at Test Year End	<u>\$ 210,491</u>
--	-------------------

Meter Deposits Refunded During the Test Year	<u>\$ 21,792</u>
--	------------------

COMPANY NAME DIVERSIFIED WATER UTILITIES, INC.

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-609350	30	200	1,000	20	6	1952
55-627093	250	1,200	913	20	12	1958
55-627092**	300	1,500	1,003	20	10	1962

* Arizona Department of Water Resources Identification Number

** Not yet in service

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
None		

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
10 horsepower	2	None	
30 horsepower	4*		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
200,000	1	5,000	2
20,000	1	7,500	1*
1,000,000*	1		

* Constructed but not yet in service

COMPANY NAME DIVERSIFIED WATER UTILITIES, INC.

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS		
Size (in inches)	Material	Length (in feet)
2		1,384
3		-
4		7,553
5		-
6		37,997
8		33,810
10		-
12		11,614

CUSTOMER METERS	
Size (in inches)	Quantity
5/8 X 3/4	356
3/4	18
1	2
1 1/2	
2	
Comp. 3	
Turbo 3	
Comp. 4	
Tubo 4	
Comp. 6	
Tubo 6	

For the following three items, list the utility owned assets in each category.

TREATMENT EQUIPMENT:

Liquid Chlorine

STRUCTURES:

Storage Shed

Chlorine Shed

OTHER:

COMPANY NAME: DIVERSIFIED WATER UTILITIES, INC.

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2005

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD	GALLON PUMPED (Thousands)
JANUARY	357	2,623,100	2,671
FEBRUARY	362	2,262,600	2,308
MARCH	375	3,468,700	3,536
APRIL	377	4,392,700	4,478
MAY	374	4,872,300	4,968
JUNE	379	6,177,400	6,301
JULY	381	6,239,900	6,362
AUGUST	382	5,343,700	5,447
SEPTEMBER	384	4,972,300	5,067
OCTOBER	391	4,965,200	5,084
NOVEMBER	392	4,384,000	4,656
DECEMBER	395	4,317,500	4,448
TOTAL		N/A	55,326

54019,400

Is the Water Utility located in an ADWR Active Management Area (AMA)?

(x) Yes () No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?

☐ Yes ☒ No

If yes, provide the GPCPD amount: _____

What is the level of arsenic for each well on your system.

<u>0.0033</u>	mg/l	(55-609350)
0.002	mg/l	(55-627093)
0.0021	mg/l	(55-627092)

(If more than one well, please list each separately.)

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME DIVERSIFIED WATER UTILITIES, INC. YEAR ENDING 12/31/2005

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2005 was: \$ 10,768

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. _____

Pinal County Treasurer TAX RECEIPT

PO Box 729

Florence, AZ 85232-0729

Phone: (520) 866-6412 Fax: (520) 868-9007

www.co.pinal.az.us/treasurer e-mail: treasurer@co.pinal.az.us

Paid By:	DIVERSIFIED WATER UTILITIES INC SCOTT W GRAY/PRESIDENT P O BOX 17357 PHOENIX AZ 85011	MAIL Batch:	7003730
		Payment Date:	5/04/2005
		Interest Date:	5/04/2005
		Printed By:	TRSREMI

Parcel Number	Description	Amt Pd	Balance Due	If Paid By
921-50-12908	2004 Taxes	4,273.48		
	2004 Int/Fee	56.97		
	Paid	4,330.45	57.72	05/31/2005
			58.48	06/30/2005
			59.24	07/31/2005
	Total Paid	<u>4,330.45</u>		
TOTAL VALUE OF OPERATING PROPERTY				
210-04-119	2.784			

*Paid #2817
5/15/05*

Pinal County Treasurer TAX RECEIPT

PO Box 729

Florence, AZ 85232-0729

Phone: (520) 866-6412 Fax: (520) 868-9007

www.co.pinal.az.us/treasurer e-mail: treasurer@co.pinal.az.us

Paid By:	DIVERSIFIED WATER UTILITIES INC SCOTT W GRAY/PRESIDENT P O BOX 17357 PHOENIX, AZ 85011	MAIL Batch: 2178681 Payment Date: 5/17/2005 Interest Date: 5/17/2005 Printed By: TRSTAD
----------	---	--

Parcel Number	Description	Amt Pd	Balance Due	If Paid By
921-50-12908	2004 Taxes	56.97		
	2004 Int/Fee	.75		
	Paid	57.72	.00	
	Total Paid	<u>57.72</u>		
TOTAL VALUE OF OPERATING PROPERTY				
210-04-119	2,784			



Pinal County Treasurer

Choose a destination below

Treasurer's Office Website

Treasurer Search - Parcel Details

[Back To List](#) [New Search](#)

The Parcel Number shows the following information:

Parcel Number: 921-50-12908 Name: DIVERSIFIED WATER UTILITIES INC

Legal Information: Attn: SCOTT W GRAY/PRESIDENT

TOTAL VALUE OF OPERATING PROPERTY 210-04-119 2,784 Address:

Address: 2850 E CAMELBACK, SUITE 200

City: PHOENIX

State: AZ

Zip: 85016

Last Updated: 04/12/2006

Interest Calculated Through: 04/30/2006

Year	1st 1/2 Billed	2nd 1/2 Billed	1st 1/2 Paid	2nd 1/2 Paid	1st 1/2 Int	2nd 1/2 Int	1st 1/2 Due	2nd 1/2 Due	Total Due
2001	\$2,907.20	\$2,907.20	\$2,907.20	\$2,907.20					\$0.00
	Value:		\$157,200.00						
2002	\$2,826.05	\$2,826.05	\$2,826.05	\$2,826.05					\$0.00
	Value:		\$159,000.00						
2003	\$3,699.32	\$3,699.32	\$3,699.32	\$3,699.32					\$0.00
	Value:		\$233,000.00						
2004	\$4,330.45	\$4,330.45	\$4,330.45	\$4,330.45					\$0.00
	Value:		\$276,000.00						
2005	\$6,340.84	\$6,340.84	\$6,340.84	\$6,340.84					\$6,340.84
	Value:		\$348,000.00						

pd 10/18/05

TOTAL DUE: \$6,340.84

Click on the current year above for a list of specific tax information for this parcel.

<http://apps.co.pinal.az.us/Treasurer/Search/TBSearchDetails.asp?par=9215012908>

4/13/2006

**VERIFICATION
AND
SWORN STATEMENT**
Taxes

RECEIVED

APR 14 2006

Z Corporation Commissioner
Director of Utilities

VERIFICATION

**STATE OF ARIZONA
I, THE UNDERSIGNED
OF THE**

COUNTY OF (COUNTY NAME)	MARICOPA
NAME (OWNER OR OFFICIAL) TITLE	SCOTT W. GRAY, PRESIDENT
COMPANY NAME	DIVERSIFIED WATER UTILITIES, INC.

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

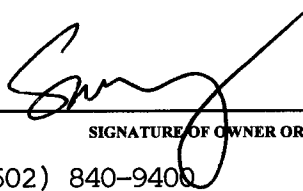
MONTH	DAY	YEAR
12	31	2006

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.



SIGNATURE OF OWNER OR OFFICIAL

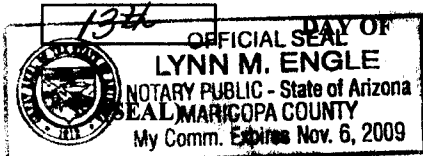
(602) 840-9400

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS



MY COMMISSION EXPIRES 11-6-09

COUNTY NAME

Maricopa

MONTH

April

2006



SIGNATURE OF NOTARY PUBLIC

COMPANY NAME DIVERSIFIED WATER UTILITIES, INC. **YEAR ENDING 12/31/2005**

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported N/A-S Corporation
Estimated or Actual Federal Tax Liability N/A-S Corporation

State Taxable Income Reported N/A-S Corporation
Estimated or Actual State Tax Liability N/A-S Corporation

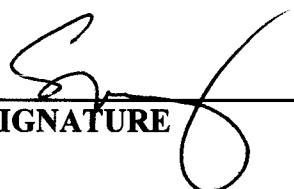
Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances 0
Amount of Gross-Up Tax Collected 0
Total Grossed-Up Contributions/Advances 0

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.



SIGNATURE

4/13/06

DATE

Scott W. Gray

PRINTED NAME

President

TITLE

**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only**

RECEIVED
APR 14 2006
Z Corporation Commission
Director of Utilities

**VERIFICATION
STATE OF ARIZONA
I, THE UNDERSIGNED
OF THE**

COUNTY OF (COUNTY NAME)
MARICOPA
NAME (OWNER OR OFFICIAL) TITLE
SCOTT W. GRAY, PRESIDENT
COMPANY NAME
DIVERSIFIED WATER UTILITIES, INC.

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2005

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2005 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$ 345,680

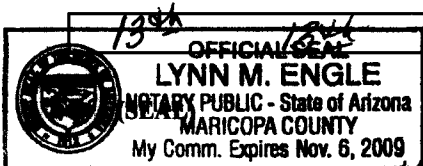
**(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 21,588
IN SALES TAXES BILLED, OR COLLECTED)**

****REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

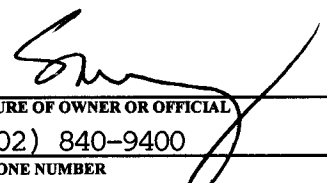


DAY OF

COUNTY NAME
Maricopa
MONTH
April
YEAR
2006

MY COMMISSION EXPIRES

11-6-09



SIGNATURE OF OWNER OR OFFICIAL
(602) 840-9400

TELEPHONE NUMBER



SIGNATURE OF NOTARY PUBLIC

**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
INTRASTATE REVENUES ONLY**

RECEIVED

APR 14 2006

Corporation Commission
Director of Utilities

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

COUNTY OF (COUNTY NAME)	MARICOPA	
NAME (OWNER OR OFFICIAL)	SCOTT W. GRAY	TITLE PRESIDENT
COMPANY NAME	DIVERSIFIED WATER UTILITIES, INC.	

MONTH	DAY	YEAR
12	31	2005

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2005 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES

\$ 345,680

(THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 21,588
IN SALES TAXES BILLED, OR COLLECTED)

***RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.**



SIGNATURE OF OWNER OR OFFICIAL

(602) 840-9400

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 13th **DAY OF**

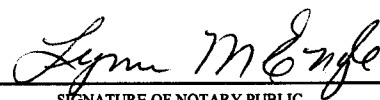
(SEAL)



MY COMMISSION EXPIRES 11-6-09

NOTARY PUBLIC NAME	
Lynn M. Engle	
COUNTY NAME	
Maricopa	
MONTH	April
, 2006	

X



SIGNATURE OF NOTARY PUBLIC